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A7 CORP COMMISSION
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State Regulation and Compliance

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March 1, 2016

Tom Broderick
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Quarterly Report on Transfers/Calculation of Gains on Utility Property
Docket No E-01345A-06-0770, Decision No. 69670

Pursuant to Decision No. 69670, dated June 28, 2007, Arizona Public Service Company ("APS") was ordered as follows:

The Company shall file in Docket control, quarterly reports summarizing each transfer, sale, mortgage, lease, or assignment entered into pursuant to this order and further shall state how each transaction complies with condition/limitation. This reporting requirement shall be met by continuing the reporting currently being submitted by APS in compliance with Decision No. 60481, as amended by Decision No. 61708, replacing and superseding that requirement, and increasing the frequency of the report to quarterly.

APS submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from October 1, 2015 to December 31, 2015. This report reflects the balance of these transactions, including accrued interest through December 31, 2015.

If you have any questions regarding this information, please contact me at (602)250-3341.

Sincerely,

Kerri A. Carnes

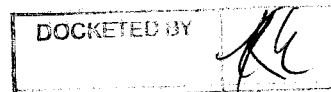
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Attachments

cc: Brian Bozzo
Terri Ford

Arizona Corporation Commission

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ARIZONA PUBLIC SERVICE COMPANY
CALCULATION OF NET GAINS ON UTILITY PROPERTY
As of December 31, 2015

SALES TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCLD	BOOK GAIN/(LOSS) ON SALE	TAX BASIS OF PROPERTIES	TAXES (1,2)	NET GAIN/(LOSS) (3)	AMOUNT ALLOCATED TO CUSTOMERS (4)	INTEREST TO DATE (5)	CUSTOMER BALANCE
	Account Balance at the end of September 2015									(\$4,218)
	Interest on Account Balance for the Fourth Quarter 2015									(\$3)
	Total Transactions In Fourth Quarter 2015									\$0
	Total Account Balance as of December 2015									(\$4,221)

(1) [(Sales Price less Tax Basis)*(Tax Rate)]-[(ADIT Net Book Basis-Tax Basis)* Tax Rate]

(2) APS Composite Income Tax Rate: 2014 = 39.22%; 2015 = 38.86%

(3) Jurisdictional allocation of Net Gain

(4) Amount Allocated for Customers based on 50% of jurisdictional split.

(5) Interest from Date of Transfer through End Date

These transactions do not have a negative impact on the safety, quality, reliability, or economy of an APS customer's electric service per Arizona Corporation Commission Decision No. 69670.

SUMMARY OF TRANSACTIONS
Fourth Quarter 2015

In October 2015, APS donated a back-up service truck to Housing America Corporation a 501(c)3 non-profit organization. APS has excluded the small loss on this transaction from the report because it was more in the nature of a charitable donation than a sale, and APS does not and will not seek any rate recovery. (Book Value = \$836)

In November 2015, APS donated a back-up service truck to the Payson area Habitat for Humanity. APS has excluded the small loss on this transaction from the report because it was more in the nature of a charitable donation than a sale, and APS does not and will not seek any rate recovery. (Book Value = \$842)